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United Nations

United Nations Institute for Training and Research

Financial report and audited financial statements

for the year ended 31 December 1995 and

Report of the Board of Auditors

General Assembly
Official Records • Fifty-first Session
Supplement No.5D (A/51/5/Add.4)

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United Nations Institute for Training and Research

Financial report and audited financial statements for the year ended 31 December 1995 and Report of the Board of Auditors

General Assembly
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NOTE

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LETTERS OF TRANSMITTAL

12 July 1996

Sir,

Pursuant to financial regulation 11.4, I have the honour to submit the annual accounts of the United Nations Institute for Training and Research as at 31 December 1995, which I hereby approve.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

Accept, Sir, the assurances of my highest consideration.

(Signed) Marcel A. BOISARD
Acting Executive Director
United Nations Institute for
Training and Research

The Chairman of the Board of Auditors
United Nations
New York

31 July 1996

Sir,

I have the honour to transmit to you the financial statements of the United Nations Institute for Training and Research for the financial period ended 31 December 1995, which were submitted by the Acting Executive Director. These statements have been examined and include the audit opinion of the Board of Auditors.

In addition, I have the honour to present the report of the Board of Auditors with respect to the above accounts.

Accept, Sir, the assurances of my highest consideration.

(Signed) Osei Tutu PREMPEH
Auditor-General of Ghana
and Chairman
United Nations Board of Auditors

The President of the General Assembly
of the United Nations
New York

I. FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 1995

Introduction

1. The Executive Director has the honour to submit herewith the financial report, together with the accounts for the year ended 31 December 1995, of the United Nations Institute for Training and Research (UNITAR). This report is presented in accordance with article IV, subparagraph 3 (i), of the statute of the Institute.

Statement I. Income and expenditure and changes in reserves and fund balances

General Fund

2. The amount of $315,714 shown in statement I was paid by Governments and various donors as contributions to the General Fund for 1995 and payment of outstanding pledges (schedule 1.1). In addition, $372,914 was received as programme support income and $42,851 as other income, bringing the total income to $731,479. Expenditures for the year amounted to $843,064, which resulted in a shortfall of income over expenditure of $111,585. The prior period adjustment of $29,265 reduced the shortfall to $82,320. The reserve and fund balance at the end of the year amounted to $550,555.

Special Purpose Grants Fund

3. A total amount of $3,065,996 was received as grants. Total income in this fund was $3,287,553 after inclusion of interest income and miscellaneous income. Total expenditure was $3,301,115, resulting in a shortfall of income over expenditure of $13,562 for the Special Purpose Grants taken as a whole. The prior period adjustment of $35,775 increased the shortfall of income over expenditure to $49,337. After the transfer of balance of non-convertible currencies of $20,679 to the General Fund and inclusion of savings on prior period obligations of $110,824, the fund balance amounted to $1,659,009.

Activities financed by United Nations Development Programme

4. The total amount allocated by the United Nations Development Programme (UNDP) was $455,851. Total expenditure amounted to $455,851, including programme support costs of $31,830.

Statement II. Assets, liabilities, reserves and fund balances

General Fund

5. The assets of the General Fund amounted to $784,838. Accounts receivable amounted to $137,058. Liabilities consisted of unliquidated obligations of $142,932, accounts payable of $4,755 and inter-fund balance payable of $3,573. The operating reserve amounted to $84,200 and the cumulative surplus to $466,355.

Special Purpose Grants Fund

6. Total assets of $2,041,613 included cash of $1,890,177, accounts receivable of $73,819 inter-fund balances receivable of $3,573, and remittance to executing agencies of $74,044. Of the $382,604 of liabilities, $382,219 was for unliquidated obligations, and $385 were accounts payable.

7. The cumulative surplus of the Special Purpose Grants Fund was $1,659,009 as at 31 December 1995.

Activities financed by UNDP

8. Assets consisted of cash of $746,180, other accounts receivable of $118,911 and unspent allocations of $69,940.

9. Liabilities included the accounts payable to UNDP of $814,089, other liabilities of $69,940 (deferred income), unliquidated obligations of $39,702, and other accounts payable of $11,300.

Statement IV. Status of expenditure against approved budget

10. Statement IV gives the status of expenditure against approved budget for the year ended 31 December 1995. Total expenditures amounted to $843,064.

Write-off of losses of cash and receivables

11. There were no write-offs during the year ended 31 December 1995.

II. REPORT OF THE BOARD OF AUDITORS

Introduction

1. The Board of Auditors has audited the financial statements of the United Nations Institute for Training and Research for the period 1 January 1995 to 31 December 1995 in accordance with article VIII, paragraph 12 of the statute of UNITAR. The audit was conducted in accordance with article XII of the Financial Regulations and Rules of the United Nations and the annex thereto, and with the common auditing standards adopted by the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. These standards require that the Board plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

Audit objectives and approach

2. The Board's audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The Board based its examination on an assessment of UNITAR's accounting systems and controls and a test audit, in which all areas of the financial statements were subject to direct substantive testing of transactions. The audit also included an assessment of the accounting principles used and the significant estimates made by the Administration, as well as an evaluation of the overall presentation of the financial statements. Preparation of the financial statements is the responsibility of UNITAR's management; the Board is responsible for expressing an opinion, based on its audit, on whether the financial statements present fairly the financial position of UNITAR as at 31 December 1995.

3. The Board's examination included a general review and such tests of the accounting records and other supporting evidence as it considered necessary in the circumstances. These audit procedures are designed primarily for the purpose of forming an opinion on UNITAR's financial statements.

4. In addition to its audit of the accounts and financial transactions, the Board carried out reviews under regulation 12.5 of the Financial Regulations and Rules of the United Nations. The reviews primarily concern the efficiency of financial procedures, the internal financial controls and, in general, the administration of UNITAR.

5. In 1995 the Board examined the following areas: (a) project management; and (b) staffing/personnel issues.

6. The Board's principal recommendations are presented in paragraph 10 below. A summary of main findings arising from the Board's audit is given in paragraphs 11 to 15. Detailed findings are reported in paragraphs 16 to 47.

7. The Board communicated to UNITAR its observations on all matters contained in the present report. UNITAR has confirmed the facts on which the Board's observations and conclusions were based and provided explanations and answers to the Board's inquiries.

Actions taken on recommendations in previous reports to the General Assembly

8. UNITAR's response to the main findings and recommendations in the Board's 1994 report, together with the further comments of the Board, are reproduced in the annex to the present report of the Board. A number of the issues covered are discussed further in the present report.

Overall results

9. The Board's examination revealed no weaknesses or errors considered material to the accuracy or completeness of the financial statements as a whole. In accordance with normal procedures, the Board recorded significant findings in management letters to UNITAR. None of these matters affected the Board's audit opinion on UNITAR's financial statements and schedules for the year. Accordingly, the Board has given an unqualified opinion on UNITAR's financial statements for the year ended 31 December 1995.

Summary of recommendations

10. The Board's main recommendations are set out below.

Financial control of the General Fund

(a) UNITAR should implement more effective controls over expenditure, in particular staff costs, in addition to collecting outstanding pledges and attracting more income to the General Fund (see para. 21);

Clearance of charges processed by United Nations Headquarters

(b) Disputed charges transferred to UNITAR from United Nations Headquarters should be examined and cleared promptly (see para. 22);

Special Purpose Grants Fund

(c) More effective control should be exercised over project expenditure, and financial commitments should not be made without sufficient donor funds (see para. 25);

Accounting for projects financed by UNDP

(d) UNITAR should liaise with the United Nations Office at Geneva and UNDP headquarters to clear outstanding inter-office vouchers and advances and to establish prompter procedures for reporting expenditure made by UNDP on behalf of UNITAR (see para. 32);

Project management

(e) UNITAR should open up discussions with major donors to seek their agreement to funding projects in advance rather than on a reimbursement basis (see para. 42);

Staff issues

(f) UNITAR should improve its planning of staff expenditure in order to ensure that sufficient funds are available to meet staff costs (see para. 46).

Summary of main findings

General Fund

11. UNITAR's General Fund showed a substantial deficit in 1995. The Board is concerned at the significant fall in the level of voluntary donations and increase in administrative expenditure compared with 1994 (see paras. 18-21).

Special Purpose Grants Fund

12. More Special Purpose Grants Fund projects were in deficit at 31 December 1995 compared with the previous year (see paras. 23-28).

Accounting for UNDP projects

13. There were long-standing discrepancies between the levels of project expenditure reported by UNDP and UNITAR, and remittances sent to UNDP field offices remained uncleared (see paras. 29-32).

Projects management

14. Clear, achievable objectives had been established and met for the projects examined. Procedures for financial management and reporting of projects could be enhanced by ensuring that funds are secured in advance (see paras. 36-42).

Staff issues

15. UNITAR experienced difficulty in reconciling the length of staff contracts and the cost of staff promotions with the limited availability of project funds (see paras. 43-46).

Part I: Financial statements

United Nations Systems Accounting Standards

16. In September 1995, the Consultative Committee on Administrative Questions, on behalf of the Administrative Committee on Coordination, adopted the revised United Nations System Accounting Standards, incorporating a harmonized presentation of financial statements. The Committee agreed that organizations should be encouraged to apply the formats and revised standards for financial periods ending in 1995.

17. The Board found that UNITAR generally applied the revised System Accounting Standards in 1995.

General Fund

18. In its report on UNITAR's financial statements for 1994, the Board reiterated the importance of safeguarding the long-term future of the General Fund through continued efforts to control costs and attract additional funds.

The position of the Fund worsened in 1995 when administrative expenditure increased to $843,064, compared to $595,977 in 1994. Total income generated by the Fund during the year was $731,479 ($797,844 in 1994), resulting in a deficit for 1995 of $111,585.

19. UNITAR's expenditure on the General Fund in 1995 increased for all elements of expenditure, compared with 1994, but notably for staff costs, which increased from $444,164 to $593,828 between the two years. This arose because of staff promotions during the year, combined with the need for the General Fund to absorb costs for Special Purpose Grants Fund projects with insufficient funds.

20. Income generated by the Fund decreased because of a reduction in the amount of voluntary contributions received. Contributions from UNITAR's major donors were only $315,714, compared to $442,947 in 1994, and $83,023 of pledges remained outstanding as at 31 December 1995.

21. The Board is concerned at the deficit reported by the General Fund for 1995. It recommends that UNITAR implement more effective controls over its expenditure, particularly staff costs. This should be combined with renewed efforts to collect outstanding pledges and to attract additional voluntary funding.

Clearance of outstanding charges passed by United Nations Headquarters

22. The assets and liabilities statement for the General Fund (statement II) records "other accounts receivable" of $137,058. However, $129,869 of this sum represented deferred charges for expenditure incurred at United Nations Headquarters on UNITAR's behalf. UNITAR disputes that all charges notified are in respect of its activities, as UNITAR vacated its New York offices in 1993 when it transferred to Geneva. The Board recommends that UNITAR resolve the outstanding charges with Headquarters promptly.

Special Purpose Grants Fund

23. The income and expenditure statement for UNITAR's Special Purpose Grants Fund (statement I) shows that in 1995 the fund incurred a deficit of $49,337, compared with a surplus of $196,445 in 1994. Aided by savings on prior period's obligations, UNITAR was able to increase the level of reserves from $1,618,201 in 1994 to $1,659,009 in 1995.

24. Statement V lists the closing balances on all Special Purpose Grants Fund projects as at 31 December 1995. This shows that 18 projects had deficit fund balances totalling $423,444 at year-end. This represents a worsening of the position compared with the end of 1994, when 15 project funds had deficit balances totalling $310,298. For 12 of the projects with deficit balances as at 31 December 1995 there were no transactions during the year.

25. The Board is concerned at the inadequate budgetary control and financial management which led to the significant increase in projects with deficit fund balances. While noting UNITAR's comments that several of these deficits were temporary, the Board recommends that UNITAR implement more effective control over project expenditure and make no financial commitments without sufficient donor funds.

26. The Board raised the issue of long-standing deficits on Special Purpose Grants Fund projects in its reports on both the 1993 and 1994 financial statements of UNITAR. UNITAR's Board of Trustees had considered that these

deficits related to the period when UNITAR was based in New York and should have been cancelled under General Assembly resolution 47/227, of 8 April 1993, which effectively wrote off UNITAR's accumulated debt to the United Nations General Fund in return for the transfer to the United Nations of UNITAR's New York headquarters building.

27. The United Nations has reaffirmed its position that it is under no obligation to make good deficits relating to the Special Purpose Grants Fund. It maintains that this responsibility rests with the project donors, as set out in the agreements signed by UNITAR and donors.

28. The Board reiterates its view that these long-standing deficits should be resolved promptly. The Board recommends that, for each project, UNITAR should conduct a detailed assessment of the collectability of debts. Where amounts are deemed irrecoverable, a write-off of deficit balances against the UNITAR General Fund appears the most appropriate course of action.

Accounting for UNDP projects

29. UNITAR acts as the executing agency for four projects financed by UNDP. The latter provides UNITAR with fund allocations for these projects, against which UNITAR can charge expenditure. As significant elements of these expenditures are met by UNDP field offices, UNDP submits quarterly operating fund statements detailing its record of expenditure on the projects. These records should match those of UNITAR. However, there have been significant delays in the receipt by UNITAR of inter-office vouchers from UNDP field offices. Until these vouchers and supporting documentation are received, UNITAR cannot reflect the expenditures in its financial statements.

30. As at 31 December 1995 a total of $56,723 of inter-office vouchers dated 1994 and earlier were reflected in UNDP operating fund statements but not in UNITAR's financial statements. A total of $3,417 of the outstanding charges related to 1991 expenditures.

31. In addition, as at 31 December 1995, UNITAR's financial statement II shows $74,044 advanced to UNDP field offices to cover expenditure. These comprised $17,370 to Kazakstan, $33,650 to Senegal and $23,024 to Côte d'Ivoire. The first two amounts have been outstanding since 1994.

32. The Board recommends that UNITAR liaise with the United Nations Office at Geneva and UNDP headquarters to clear the outstanding inter-office vouchers and advances and to establish procedures for prompter reporting of expenditure made by UNDP on behalf of UNITAR.

Accounting for non-expendable property

33. In its 1994 report the Board referred to UNITAR's failure to prepare an up-to-date inventory of non-expendable property and to compare this with the records of the Purchase and Transportation Section of the United Nations Office at Geneva. In 1995, UNITAR completed an inventory only for computer equipment and did not compare its records with those of the United Nations Office at Geneva.

34. The Board reviewed both records in April 1996. It found that of 61 items appearing on the records of the United Nations Office at Geneva, 14 were not on UNITAR's inventory; of 63 items on UNITAR's inventory, 22 did not appear on the records of the United Nations Office at Geneva. The Board urges UNITAR to

complete its inventory and to liaise with the United Nations Office at Geneva to determine the reasons for discrepancies between the two sets of records and implement procedures for regular reconciliations. This should promote proper control over assets.

Write-off of losses of cash, receivables and property, ex gratia payments

35. There were no write-offs of losses of cash, stores or other assets or ex gratia payments during the year.

Part II: Management issues

Project management

Scope of review

36. In 1995 the Board examined UNITAR's management of some large projects, including the joint UNEP/UNITAR project on implementation of the London Guidelines on chemical management and a range of projects within the training programme on legal aspects of debt management. The Board's review included an evaluation of UNITAR's success in implementing its planned programme of work and an assessment of the financial management of the projects.

The London Guidelines on chemical management project

37. The London Guidelines for the Exchange of Information on Chemicals in International Trade were adopted in 1987 by the Governing Council of the United Nations Environment Programme. They aim at enhancing the management of chemicals in all countries through the exchange of scientific, technical, economic and legal information on chemicals, in order to control international trade in dangerous chemicals. The UNEP/UNITAR project was established in 1991 to assist developing countries in their efforts to implement the London Guidelines and strengthen their chemicals management schemes. Income for the project was $755,901 in 1994 and $618,112 in 1995.

38. The Board's examination of the project indicated that clear, achievable goals had been set. Of eight main activities planned for 1995, all but two had been completed, the exceptions being due to financial or political considerations, such as the requirement to clear activities with designated national authorities in the countries concerned. Satisfactory procedures were in place to assess the effectiveness of the regional and subregional workshops organized by UNITAR, with questionnaires completed by training course participants. An overall assessment of the project carried out by a technical agency in December 1995 testified to the sustainable impact of the project.

Programme on the legal aspects of debt management

39. The programme on the legal aspects of debt management began in earnest in 1990. UNITAR's activities are concentrated in sub-Saharan Africa, the Central Asian Republics, Egypt and Palestine. UNITAR focuses its activities on chief areas of interest in each region, for example, trade and international relations issues in the Central Asian Republics. Whereas one Government initially provided all of the funds for the programme, UNITAR has now widened the funding base to include other donors. Total funding from these sources in 1995 was $649,952 ($777,291 in 1994).

40. The Board's examination of the debt management training programme projects indicated that UNITAR's implementation record was satisfactory, with 14 activities, out of 16 planned, taking place in 1995. UNITAR informed the Board of Auditors that full implementation was not possible because of funding constraints and political considerations. Procedures for assessing the impact of UNITAR's activities were satisfactory, with questionnaires being completed by participants. Donors were kept informed of UNITAR's activities through reports prepared after each major event. At the end of 1996, UNITAR planned to carry out, jointly with the initial donor, an evaluation of the programme.

Financial management

41. Financial management of the projects examined was less satisfactory. A major factor was the uncertainty caused by late processing of expenditure incurred by UNDP field offices (see paras. 29-32). For example, for the debt management project, UNITAR still awaited details of expenditure incurred in November 1994 by the Kazakstan office and in March 1995 by the Bangladesh office. Cash-flow management was another concern, as some major donors reimbursed expenses rather than granting monies before project expenses were incurred. In addition, other donors withheld the final tranche of funds pending receipt of satisfactory implementation reports; this put significant pressure on UNITAR's modest cash resources.

42. The Board recommends that UNITAR should open up discussions with major donors to seek their agreement to fund projects in advance rather than on a reimbursement basis.

Staff issues

43. Staff costs for fixed-term UNITAR employees across all UNITAR funds increased from $1,759,510 in 1994 to $1,957,943 in 1995. In view of the substantial increase, the Board examined this subject as a contributory factor towards the deficits in the income and expenditure accounts of the General Fund and Special Purpose Grants Fund. In particular, the Board reviewed the terms of contracts awarded to UNITAR staff and the promotions processed during the year.

44. The Board examined a number of the contracts awarded to UNITAR staff. In several cases, staff had contracts spanning at least a year, while available funding for the projects concerned was sufficient to meet costs only for the next three to six months.

45. During 1995, 8 of the 19 fixed-term staff employed by UNITAR were promoted. Promotions followed reclassification of the posts by United Nations Personnel Service. The costs of these promotions were borne by the UNITAR General Fund and individual Special Purpose Grants Fund projects. These additional, unplanned costs contributed to the reported deficit in the General Fund and in one of the Special Purposes Grants Fund projects.

46. The Board recommends that UNITAR should improve its planning of staff expenditure in order to ensure that sufficient funds are available to meet staff costs.

Cases of fraud and presumptive fraud

47. The UNITAR secretariat reported no cases of fraud or presumptive fraud relating to the financial year 1995.

Acknowledgement

48. The Board of Auditors wishes to express its appreciation for the cooperation and assistance extended to its auditors by the staff of UNITAR and the United Nations.

(Signed) Osei Tutu PREMPEH
Auditor-General of Ghana

(Signed) Sir John BOURN
Comptroller and Auditor General
of the United Kingdom of Great
Britain and Northern Ireland

(Signed) Vijay Krishna SHUNGLU
Comptroller and Auditor General
of India

31 July 1996

ANNEX

Follow-up measures to be taken to implement the recommendations of the Board of Auditors in its report for the year ended 31 December 1994 a/

Main findings and recommendations	Immediate action to be taken by UNITAR	UNITAR's mid-term objectives	Comments of the Board
Expenditure statements in respect of UNDP-financed projects should be prepared and submitted by UNITAR each year, to allow programme support income to be accounted for promptly (see paras. 23 and 24).	UNITAR's Administrative and Financial Assistant went to New York to reconcile Geneva and New York project accounts. A final project delivery report for 1992-1994 was then submitted to UNDP for the three ongoing UNDP-financed projects. This allowed UNITAR to receive the programme support income due since 1992.	UNITAR should, as soon as possible, recruit an administrative and financial officer to be responsible for reporting accurately to UNDP through project delivery reports and aggregate expenditure reports as required by UNDP following this timetable: 20 April, 20 July, 20 October and 20 February of each year.	UNITAR submitted its expenditure statements promptly in 1995. However, there are long-standing discrepancies between expenditure totals reported by UNITAR and by UNDP.
UNITAR should follow United Nations procurement procedures and adhere more closely to the Financial Regulations and Rules of the United Nations on procurement of goods and services (see paras. 28-31).	Solutions have been found to the problems raised by the Auditors. Notwithstanding its autonomous character, UNITAR is bound to adhere to United Nations Rules and Regulations on procurement and benefit from the assistance of United Nations Office at Geneva. This implies that the procedures should not impede the smooth development of UNITAR's operations.	To find ways to improve collaboration with the procurement services of the United Nations Office at Geneva. Ways and means are currently being considered to increase the efficiency of the procurement procedures through United Nations Office at Geneva.	The Board welcomes the intention to improve cooperation between UNITAR and the Purchase and Transportation Section of the United Nations Office at Geneva. UNITAR has nominated an individual to act as a focal point in dealing with the United Nations Office at Geneva.
A number of Special Purpose Grants Fund projects remain in deficit (see paras. 19-22).	UNITAR's Board of Trustees has a very unqualified opinion on this point: deficit incurred before the adoption by the General Assembly on 8 April 1993 of resolution 47/227 shall be included in the general settlement of the writing off of the debt against appropriation of UNITAR property by the United Nations.	The issue will be submitted again at the next session of the Board of Trustees, meeting at the end of April to decide on financial matters.	United Nations Headquarters has confirmed that Special Purpose Grants Fund deficits were not covered by resolution 47/227. The Board reiterates its recommendation that an appropriate strategy for dealing with these deficits should be determined and implemented.
The Board recommends that UNITAR prepare an updated inventory of non-expendable property and compare it with United Nations records at the earliest opportunity (see para. 25).	The reconciliation of the two inventories will be carried out by UNITAR and the United Nations Office at Geneva before the end of July 1996.		UNITAR prepared an inventory only for computer equipment in November 1995. In April 1996 the Board compared this inventory to the records of the United Nations Office at Geneva and found significant discrepancies between the two records.
The Board found that UNITAR had generally applied the United Nations System Accounting Standards in 1994. However, the required statement of movements in financial resources was not prepared. The Board recommends that UNITAR comply fully with the standards in 1995 and subsequent years (see para. 27).	UNITAR, together with the Financial Resources Management Service of the United Nations Office at Geneva, took appropriate steps to implement the United Nations System Accounting Standards.		The Board welcomed the revised format of UNITAR's financial statements.

a/ Official Records of the General Assembly, Fiftieth Session, Supplement No. 5D (A/50/5/Add.4)

III. AUDIT OPINION

We have examined the appended financial statements numbered I to V, properly identified, the relevant schedules and the supporting explanatory notes of the United Nations Institute for Training and Research for the financial period ended 31 December 1995 in accordance with the Common Auditing Standards of the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

As a result of our examination, we are of the opinion that the financial statements present fairly the financial position of the United Nations Institute for Training and Research as at 31 December 1995 and the results of its operations for the year then ended; that they were prepared in accordance with the stated accounting policies which were applied on a basis consistent with that of the preceding financial period, and that the transactions were in accordance with the Financial Regulations and the relevant legislative authority.

In accordance with our usual practice, we have issued a long form report on our audit of the financial statements of the United Nations Institute for Training and Research, as provided for in the Financial Regulations.

(Signed) Osei Tutu PREMPEH
Auditor-General of Ghana

(Signed) Sir John BOURN
Comptroller and Auditor General
of the United Kingdom of Great
Britain and Northern Ireland

(Signed) Vijay Krishna SHUNGLU
Comptroller and Auditor General
of India

31 July 1996

IV. CERTIFICATION OF THE FINANCIAL STATEMENTS

11 July 1996

I certify that the appended financial statements of the United Nations Institute for Training and Research, numbered I to V, are correct.

(Signed) Yukio TAKASU
Controller

V. ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1995

Statement 1. Income and expenditure and changes in reserves and fund balances for the year ended 31 December 1995

(United States dollars)

	General Fund		Other activities			
			Special Purpose Grants Fund		Activities financed by UNDP	
	1995	1994 a/	1995	1994 a/	1995	1994 a/
INCOME						
Voluntary contributions received	315 714 b/	442 947	3 065 996 d/	2 994 090	-	-
Received under inter-organization arrangements	-	-	-	-	455 851	1 062 097
Other/miscellaneous income:						
Interest income	28 346	496	155 179	106 616	-	-
Programme support income	372 914	344 839	-	-	-	-
Other/miscellaneous	14 505	9 562	66 378	13 054	-	-
TOTAL INCOME	731 479	797 844	3 287 553	3 113 760	455 851	1 062 097
EXPENDITURE						
Staff and other personnel costs	593 828	444 164	1 915 421	1 557 819	128 362	549 207
Travel	34 368	20 941	337 339	283 795	54 419	96 892
Contractual services	60 603	5 223	246 836	163 595	173 308	101 429
Operating expenses	144 369 c/	125 649	147 163	105 580	22 489	17 174
Acquisitions	9 896	-	21 390	40 728	733	9 956
Fellowships, grants and other	-	-	291 882	418 390	44 710	64 901
Total direct expenditure	843 064	595 977	2 960 031	2 569 907	424 021	839 559
Programme support costs	-	-	341 084	302 268	31 830	42 571
TOTAL EXPENDITURE	843 064	595 977	3 301 115 d/	2 872 175	455 851	882 130
Excess (shortfall) of income over expenditure	(111 585)	201 867	(13 562)	241 585	-	-
Prior period adjustments	29 265	144 417	(35 775)	(45 140)	-	(179 967)
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	(82 320)	346 284	(49 337)	196 445	-	-

	General Fund		Other activities			
			Special Purpose Grants Fund		Activities financed by UNDP	
	1995	1994 a/	1995	1994 a/	1995	1994 a/
Transfers (to) from other funds	20 679 e/	10 000	(20 679)	(10 000)	-	-
Refund to donors	-	-	-	(839)	-	-
Savings on or liquidation of, prior periods' obligations	2 654	2 586	110 824	70 266	-	-
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD	609 542	250 672	1 618 201 d/	1 362 329	-	-
RESERVES AND FUND BALANCES, END OF PERIOD	550 555	609 542	1 659 009 d/	1 618 201	-	-

a/ Comparative figures reclassified to conform to current presentation.

b/ See note 2. In accordance with article VIII, paragraph 3, of the revised statute of UNITAR (A/43/697/Add.1), only paid-in contributions are included in the current year income.

c/ Including loss on exchange of $1,181.

d/ For details by project, see statement V.

e/ Transfer of balances of non-convertible currencies from the Special Purpose Grants Fund.

The accompanying notes are an integral part of the financial statements.

Schedule 1.1. General Fund: voluntary contributions as at 31 December 1995

(United States dollars)

Countries	Pledges receivable as at 1 January 1995	Add: voluntary contributions for 1995 and adjustment for prior period	Add: pledges for future years	Less: collection 1995	Less: loss (gain) on exchange	Pledges receivable as at 30 December 1995
Chile	-	10 000	-	10 000	-	-
China	-	10 000	-	10 000	-	-
Cyprus	-	1 000	-	1 000	-	-
Czech Republic	36 037	1 986	-	-	-	38 023
Democratic People's Republic of Korea	-	10 000	-	10 000	-	-
France	-	62 370	-	62 370	-	-
Ghana	-	3 000	-	-	-	3 000
Greece	-	5 000	-	5 000	-	-
Indonesia	4 000	4 000	-	8 000	-	-
Iran, Islamic Republic of	20 000	-	-	-	-	20 000
Japan	-	100 000	-	100 000	-	-
Kuwait	20 000	-	-	-	-	20 000
Malta	-	800	-	900	-	-
Mauritius	-	1 053	-	1 053	-	-
Mexico	-	5 000	-	5 000	-	-
Oman	-	3 000	-	3 000	-	-
Pakistan	-	15 000	-	15 000	-	-
Paraguay	1 000	-	-	-	-	1 000
Switzerland	-	79 646	-	79 646	-	-
United Republic of Tanzania	476	118	-	594	-	-
Thailand	-	2 000	-	2 000	-	-
Uruguay	1 000	-	-	-	-	1 000
Subtotal	82 513	313 973	-	313 463	-	83 023
Public donations	-	2 251	-	2 251	-	-
Subtotal	-	2 251	-	2 251	-	-
Total	82 513	316 224	-	315 714	-	83 023 a/
Recapitulation by year:						
1993	30 051	(18 051)	-	-	-	12 000
1994	52 462	550	-	4 000	-	49 012
1995	-	333 725	-	311 714	-	22 011
Total	82 513	316 224	-	315 714	-	83 023

a/ Unpaid pledges of $83,023 are not included in statement I in accordance with article VIII, paragraph 3, of the revised statute of UNITAR (A/43/697/Add.1).

The accompanying notes are an integral part of the financial statements.

Statement II. Assets, liabilities, reserves and fund balances as at 31 December 1995

(United States dollars)

	General Fund		Other activities			
			Special Purpose Grants Fund		Activities financed by UNDP	
	1995	1994 a/	1995	1994 a/	1995	1994 a/
ASSETS						
Cash and term deposits	564 757	-	1 890 177	3 687 627	746 180	-
Pledged Contributions receivable	83 023	82 513	-	-	-	-
Inter-fund balances receivable	-	-	3 573	-	-	-
Other accounts receivable	137 058	710 223	73 819	87 547	118 911	264 781
Other assets:						
Operating funds provided to executing agencies	-	-	74 044	51 020	-	-
Unspent allocations	-	-	-	-	69 940	71 463
TOTAL ASSETS	784 838	792 736	2 041 613	3 826 194	935 031	336 244
LIABILITIES						
Contributions or payments received in advance	-	-	-	-	814 089	-
Unliquidated obligations	142 932	18 799	382 219	375 759	39 702	92 484
Accounts payable:						
Inter-fund balances	3 573	-	-	-	-	-
Other	4 755	81 882	385	1 832 234	11 300	172 297
Other liabilities:						
Deferred income	83 023	82 513	-	-	69 940	71 463
TOTAL LIABILITIES	234 283	183 194	382 604	2 207 993	935 031	336 244

	General Fund		Other activities			
			Special Purpose Grants Fund		Activities financed by UNDP	
	1995	1994 a/	1995	1994 a/	1995	1994 a/
RESERVES AND FUND BALANCES						
Operating reserve	84 200	29 800	-	-	-	-
Balances relating to projects funded by donors	-	-	1 659 009	1 618 201		
Cumulative surplus (deficit)	466 355	579 742	-	-	-	-
TOTAL RESERVES AND FUND BALANCES	550 555	609 542	1 659 009	1 618 201	-	-
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	784 838	792 736	2 041 613	3 826 194	935 031	336 244

a/ Comparative figures reclassified to conform to current presentation.

The accompanying notes are an integral part of the financial statements.

Statement III. Cash flows for 1995 as at 31 December 1995

(United States dollars)

	General Fund		Special Purpose Grants Funds	
	1995	1994	1995	1994
CASH FLOWS FROM OPERATING ACTIVITIES				
Net excess (shortfall) of income over expenditures (statement I)	(82 320)	346 284	(49 337)	196 445
(Increase) decrease in contributions receivable	(83 023)	-		
(Increase) decrease in other accounts receivable	573 165	(79 930)	13 728	124 388
(Increase) decrease in other assets	-	-	(23 024)	(51 020)
Increase (decrease) in accounts payable	(77 127)	81 882	(1 820 934)	(409 526)
Increase (decrease) in unliquidated obligations	124 133	12 265	6 460	61 581
Increase (decrease) in other liabilities	83 023	-		(78 783)
Less: interest income received	(28 346)	(496)	(155 179)	(106 616)
NET CASH FROM OPERATING ACTIVITIES	509 505	360 005	(2 028 286)	(263 531)
CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES				
(Increase) decrease in inter-fund balances receivable	-	(373 179)	(3 573)	
Increase (decrease) in inter-fund balances payable	3 573	-	-	1 207 343
Plus: interest income received	28 346	496	155 179	106 616
NET CASH FROM INVESTING AND FINANCING ACTIVITIES	31 919	(372 683)	151 606	1 313 959
CASH FLOWS FROM OTHER SOURCES				
Savings on, or liquidation of, prior periods' obligations	2 654	2 586	110 824	70 266
Other adjustments to fund balance	20 679	10 000	(20 679)	(10 839)
NET CASH FROM OTHER SOURCES	23 333	12 586	90 145	59 427
NET INCREASE (DECREASE) IN CASH AND TERM DEPOSITS	564 757	(92)	(1 797 450)	1 109 855
CASH AND TERM DEPOSITS AT BEGINNING OF PERIOD	-	92	3 687 627	2 577 772
CASH AND TERM DEPOSITS AT END OF PERIOD	564 757	-	1 890 177	3 687 627

Statement IV. General Fund: status of expenditure against budget for the year ended 31 December 1995

(United States dollars)

Budget classification	Approved unobligated budget	Expenditure			Balance
		Disbursements	Unliquidated obligations	Total	
Administration	1 032 200	700 132	142 932	843 064	189 136

The accompanying notes are an integral part of the financial statements.

Statement V. Special Purpose Grants Fund: income, expenditure and fund balance for the year ended 31 December 1995

(United States dollars)

Projects	Fund balance 1 January 1995	Income from grants	Other income and adjustments a/	Funds available	Expenditure			Fund balance 31 December 1995
					Disbursements	Unliquidated obligations	Total expenditure	
A. Convertible currencies								
Training programme for disaster-relief Managers in the Sahel countries	161 523	81 947	59 350	302 820	131 984	13 285	145 269	157 551
UNITAR computer literacy training programme	(2 939)	-	3 337	398	-	-	-	398
Fellowship programme in peacemaking and preventive diplomacy	198 351	403 375	25 440	627 166	324 443	14 888	339 331	287 835
Training programme on legal aspects of debt management (sub-Saharan Africa)	27 654	250 330	15 809	293 793	281 339	5 006	286 345	7 448
Training programme on legal aspects of debt management (Egypt)	14 129	-	2 241	16 370	8 969	1 694	10 663	5 707
Training programme on legal aspects of debt management (Central Asian Republics)	61 947	167 308	8 260	237 515	180 058	53 860	233 918	3 597
Foundation for Advanced Studies on International Development - course on international organizations	6 194	11 547	627	18 368	10 297	-	10 297	8 071
Training programme in financial resources for economic and social development (Mongolia)	3 996	-	323	4 319	-	-	-	4 319
Follow-up on training programme for Palestinian people on economic and environmental negotiations and dispute resolution	8 353	-	126	8 479	7 684	-	7 684	795
Associate expert (Austrian contribution)	59 644	105 168	5 826	170 638	103 461	3 034	106 495	64 143
UNEP/UNITAR training programme on the implementation of the London Guidelines	355 951	538 367	79 745	974 063	329 104	66 951	396 055	578 008

Projects	Fund balance 1 January 1995	Income from grants	Other income and adjustments a/	Funds available	Expenditure			Fund balance 31 December 1995
					Disbursements	Unliquidated obligations	Total expenditure	
Geographic Information Systems (GIS) technology for natural resource and environment management	81 574	-	4 645	86 219	89 223	51	89 274	(3 055)
Associate expert (German contribution)	6 603	-	195	6 798	-	-	-	6 798
Peace-keeping video training programme	9 474	43 504	32 211	85 189	41 398	5 946	47 344	37 845
Global Resources Information Database/UNEP Arendal	153	-	12	165	-	-	-	165
"Unité d'appui au programme OSS (Observatory of the Sahara and the Sahel)/UNITAR" (Systèmes d'informations intégrées sur l'environnement)	125 882	88 339	(12 304)	201 917	214 640	1 030	215 670	(13 753)
Associate expert (Netherlands contribution)	21 108	-	4 880	25 988	-	-	-	25 988
National Aeronautics and Space Administration (NASA)/UNITAR programme	(1 503)	-	(13 591)	(15 094)	-	-	-	15 094
UNITAR training programme on environmental negotiation and dispute resolution	13 750	-	1 005	14 755	11 547	937	12 484	2 271
Evaluation and environmental management	(17 744)	-	723	(17 021)	15 865	-	15 865	(32 886)
UNITAR/Inter-Press Service (IPS) training for journalists	23 015	-	(23 015)	-	-	-	-	-
Training programme in environmental law and policy	8 012	-	1 744	9 756	8 589	156	8 745	1 011
UNITAR Centre on Heavy Crude and Tar Sands programme	54 369	290 000	13 970	358 339	176 573	8 580	185 153	173 186
Sixth Conference on Heavy Crude and Tar Sands	231 104	-	9 053	240 157	137 345	3 666	141 011	99 146
UNEP-Caribbean/UNITAR training programme on analysis of changing coastal/land use patterns	4 934	42 500	3 747	51 181	47 390	223	47 613	3 568
Transportation management training programme	19 100	-	1 499	20 599	1 045	-	1 045	19 554

Projects	Fund balance 1 January 1995	Income from grants	Other income and adjustments a/	Funds available	Expenditure			Fund balance 31 December 1995
					Disbursements	Unliquidated obligations	Total expenditure	
Training project on the implementation of the prior informed consent (PIC) procedure in countries of eastern, southern, central and western Africa	172 536	-	13 428	185 964	86 046	45 203	131 249	54 715
EPA/IPCS/PRTR (Environmental Protection Agency/International Programme on Chemical Safety/Pollutant Release and Transfer Register) pilot studies	-	-	214	214	-	-	-	214
Training programme in legal aspects of debt and financial management (Central Asian Republics and sub-Saharan Africa)	62 383	167 240	13 710	243 333	143 044	68 885	211 929	31 404
Training programme in environmental information systems for developing training capacities in the United Republic of Tanzania and Uganda	(4 897)	109 976	1 614	106 693	131 078	487	131 565	(24 872)
IPS (Institute of Policy Studies)/UNITAR International Conference on UNTAC, Singapore, August 1994	13 530	18 000	183	31 713	14 931	9 639	24 570	7 143
AFRICAGIS Expo, 1995	-	33 650	1 400	35 050	22 466	-	22 466	12 584
European Community/profile (chemicals)	-	-	1 159	1 159	-	-	-	1 159
Culture origin research of development process (l'Erigene)	9 916	-	800	10 716	-	-	-	10 716
Associate expert (German contribution)	103 404	-	2 747	106 151	89 015	4 027	93 042	13 109
"Unité d'appui au programme OSS (Observatory of the Sahara and the Sahel)/UNITAR" (Systèmes d'informations intégrées sur l'environnement) (German Agency for Technical Cooperation (GTZ) contribution)	-	13 222	86	13 308	5 108	6 269	11 377	1 931

Projects	Fund balance 1 January 1995	Income from grants	Other income and adjustments a/	Funds available	Expenditure			Fund balance 31 December 1995
					Disbursements	Unliquidated obligations	Total expenditure	
"Unité d'appui au programme OSS/UNITAR" (Systèmes d'informations intégrées sur l'environnement) (World Resources Institute contribution)	-	56 068	17 029	73 097	72 561	-	72 561	536
"Unité d'appui au programme OSS/UNITAR (Systèmes d'informations intégrées sur l'environnement) (MINCOOP (Ministère de la coopération française) contribution)	-	44 070	152	44 222	93 379	540	93 919	(49 697)
AFRICAGIS 1995 Programme	-	45 335	66	45 401	42 129	2 678	44 807	594
International Court of Justice/UNITAR seminar	-	180 000	5 826	185 826	3 902	1 354	5 256	180 570
Capacity building for spatial development to support human economic and social development in the Occupied Territory	-	11 300	(2)	11 298	12 170	-	12 170	(872)
Conflict prevention research	-	65 610	226	65 836	56 361	2 265	58 626	7 210
Capacity building	-	78 181	731	78 912	12 700	49 625	62 325	16 587
Climate change (CC) training programme	-	32 292	1 155	33 447	13 052	11 940	24 992	8 455
Seventh Conference on Heavy Crude and Tar Sands, Beijing		69 485	2 273	71 758	-	-	-	71 758
Associate Expert (German contribution)	-	119 182	3 899	123 081	-	-	-	123 081
Second International Conference on Heavy Crude and Tar Sands	(60 690)	-	-	(60 690)	-	-	-	(60 690)
Strategy for the future of Africa	(140 544)	-	-	(140 544)	-	-	-	(140 544)
Centre on Small Energy Resources, Italy	6 245	-	581	6 826	-	-	-	6 826
World Social Prospects Association	(4 694)	-	-	(4 694)	-	-	-	(4 694)
Strategies for the future of Latin America	(40 749)	-	-	(40 749)	-	-	-	(40 749)

Projects	Fund balance 1 January 1995	Income from grants	Other income and adjustments a/	Funds available	Expenditure			Fund balance 31 December 1995
					Disbursements	Unliquidated obligations	Total expenditure	
Programme on training officials from Côte d'Ivoire	(21)	-	-	(21)	-	-	-	(21)
UNITAR/UNDP/City University of New York training programme in information technology for the ASEAN countries	26	-	2	28	-	-	-	28
Training workshop in multilateral economic negotiations for senior civil servants in Viet Nam	(5 777)	-	-	(5 777)	-	-	-	(5 777)
Junior professional officer, New York	12 939	-	1 045	13 984	-	-	-	13 984
Junior professional officer, New York	30 021	-	2 424	32 445	-	-	-	32 445
Economic and social history of the United Nations	(12 298)	-	-	(12 298)	-	-	-	(12 298)
Special fund account for project promotion and contingencies	(2 486)	-	-	(2 486)	-	-	-	(2 486)
Occidental College: Semester at the United Nations Programme (1992)	(1 378)	-	-	(1 378)	-	-	-	(1 378)
UNITAR/Clark Atlanta University: Semester at the United Nations Programme (1992)	(674)	-	-	(674)	-	-	-	(674)
New York seminar on peace-keeping and simulation exercise	(13 904)	-	-	(13 904)	-	-	-	(13 904)
Subtotal	1 597 522	3 065 996	296 606	4 960 124	2 918 896	382 219	3 301 115	1 659 009
B. Non-Convertible currency								
Russian Federation	78	-	(78)	-	-	-	-	-
China	4 700	-	(4 700)	-	-	-	-	-
Hungary	15 841	-	(15 841)	-	-	-	-	-

Projects	Fund balance 1 January 1995	Income from grants	Other income and adjustments a/	Funds available	Expenditure			Fund balance 31 December 1995
					Disbursements	Unliquidated obligations	Total expenditure	
Poland	43	-	(43)	-	-	-	-	-
Romania	17	-	(17)	-	-	-	-	-
Subtotal	20 679	-	(20 679)	-	-	-	-	-
Total	1 618 201	3 065 996	275 927	4 960 124	2 918 896	382 219	3 301 115	1 659 009

a/ Comprises interest income, exchange gain and loss, miscellaneous income, prior year adjustments and transfer between projects.

Notes to the financial statements

Note 1. The United Nations Institute for Training and Research and its activities

The United Nations Institute for Training and Research (UNITAR) was established in 1965 as an autonomous body within the United Nations with the purpose of enhancing the effectiveness of the Organization through appropriate training and research. UNITAR is governed by a Board of Trustees and is headed by an Executive Director. The Institute is supported by voluntary contributions from Governments, intergovernmental organizations, foundations and other non-governmental sources.

UNITAR develops, improves and extends training programmes in the fields of international affairs management and in economic and social development. The Institute's functions may be summarized as follows:

- To conduct training programmes in multilateral diplomacy and international cooperation for diplomats accredited to the United Nations and national officials involved in work related to United Nations activities;
- To carry out a wide range of training programmes in the field of social and economic development, generally at the request of Governments, multilateral organizations, and public and private development cooperation agencies;
- To establish and strengthen cooperation with faculties and academic institutions, in particular for the development of research on and for training.

Current UNITAR training programmes are presented under the following titles:

- Multilateral diplomacy, negotiations and conflict resolution
- Preventive diplomacy, peaceMaking and peacekeeping
- Environmental and natural resources management
- Debt and financial management (legal aspects)
- Energy management
- Disaster control

UNITAR receives requests for programme design and implementation from UNDP, UNEP and other United Nations bodies and the secretariats of United Nations conventions (such as those for the United Nations Framework Convention on Climate Change, the United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, particularly in Africa, and the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal). UNITAR has also developed a training programme on the London Guidelines, including a toxic chemicals and pollutant release transfer register. The Institute views this as a part of its mission to be an effective training arm of the United Nations. With the new cooperative links being established with agencies and organs of the United Nations system, with governmental and private development cooperation agencies and with training

institutes in industrialized and developing countries and countries in transition (in Africa, Asia, Latin America and the Caribbean, and Europe), the Institute is becoming an increasingly important provider of training to a large constituency in different sectors.

Note 2. Summary of significant accounting policies

The following are the significant accounting policies of UNITAR:

(a) As provided in article VIII of its statute, the UNITAR accounts are maintained in accordance with the Financial Regulations of the United Nations as adopted by the General Assembly, the rules formulated by the Secretary-General as required under the regulations and administrative instructions issued by the Under-Secretary-General for Administration and Management or the Controller. They also take fully into account the common accounting standards for the United Nations system, as adopted by the Administrative Committee on Coordination. The General Assembly has taken note of these standards in its resolution 48/216 C of 23 December 1993. The United Nations follows International Accounting Standard 1 on the disclosure of accounting policies, as modified and adopted by the Consultative Committee on Administrative Questions at its fifty-fourth session, as shown below:

(i) Going concern, consistency, and accrual are fundamental accounting assumptions. Where fundamental accounting assumptions are followed in financial statements, disclosure of such assumptions is not required. If a fundamental accounting assumption is not followed, that fact should be disclosed together with the reasons;

(ii) Prudence, substance over form, and materiality should govern the selection and application of accounting policies;

(iii) Financial statements should include clear and concise disclosure of all significant accounting policies which have been used;

(iv) The disclosure of the significant accounting policies used should be an integral part of the financial statements. The policies should normally be disclosed in one place;

(v) Financial statements should show corresponding figures for the preceding period;

(vi) A change in an accounting policy that has a material effect in the current period or may have a material effect in subsequent periods should be disclosed, together with the reasons. The effect of the change should, if material, be disclosed and quantified.

(b) Fund accounting. The Institute's accounts are maintained on a "fund accounting" basis. Separate funds for general or special purposes may be established by the General Assembly or the Executive Director. Each fund is maintained as a distinct financial and accounting entity, with a separate self-balancing double-entry group of accounts. Separate financial statements are prepared for each fund or for a group of funds of the same nature.

(c) The financial period of the Institute comprises one calendar year.

(d) In accordance with article VIII, paragraph 3, of the revised statute of UNITAR, income is recognized on a paid-in contributions basis.

(e) Translation of currencies. The accounts of the Institute are presented in United States dollars. Accounts maintained in other currencies are translated into United States dollars at the time of the transaction at rates of exchange established by the Controller. In respect of such currencies, the financial statements prepared at such intervals as may be prescribed by the Controller under delegation of authority from the Under-Secretary-General for Administration and Management, shall reflect the cash, investments, unpaid pledges and current accounts receivable and payable in currencies other than United States dollars, translated at the applicable United Nations rates of exchange in effect as at the date of the statements. In the event that the application of actual exchange rates at the date of the statements would provide a valuation significantly different from the application of the United Nations rates of exchange for the last month of the financial period, a footnote will be presented quantifying the difference.

(f) The Institute's financial statements are prepared on the historical cost basis of accounting and have not been adjusted to reflect the effects of changing prices for goods and services.

(g) Pledged contributions. Pledges are recorded as deferred income on the basis of a written commitment by a prospective donor to pay a monetary contribution at a specific time or times. Only paid pledges are recorded as income.

(h) Cash and investments. Funds on deposit in interest-bearing bank accounts, time deposits and call accounts are shown in the statements of assets and liabilities as cash.

(i) Fixed assets. Maintenance and repairs are charged against the appropriate budgetary accounts. Furniture, equipment, other non-expendables and leasehold improvements are not included in the assets of the Institute. Acquisitions are charged against budgetary accounts in the year of purchase.

(j) The expenditures do not include possible costs to cover contingencies under appendix D to the United Nations Staff Rules, for personnel financed under resources obtained from voluntary contributions to the UNITAR General Fund and the Special Purpose Grants Fund. The term "expenditure" designates total obligations incurred, whether liquidated or unliquidated.

(k) Miscellaneous income:

(i) The net income realized from the revenue-producing activities is reported as miscellaneous income;

(ii) Refunds of expenditures charged to the prior financial periods are credited to miscellaneous income;

(iii) Moneys accepted in respect of which no purpose is specified have been treated as miscellaneous income;

(iv) On the closing of the accounts at the end of each financial period, if the balance of the exchange accounts reflects a net loss on exchange, it is charged to the budgetary account. If there is a net gain, this is credited to miscellaneous income;

(v) The proceeds from the sale of surplus property are credited to the miscellaneous income of the respective funds.

(l) The trust fund statements reflect the "clean surplus theory" by processing adjustments through the current income and expenditure accounts. Material adjustments for prior periods are, however, shown in the financial statements below the results of the current period so as not to distort them.

(m) Income tax refund policy. UNITAR salaries are charged to the budget on a net basis during the year in which the services have been rendered. Income tax refunds are charged to the year in which they are made to the staff member.

(n) Unliquidated obligations for the current period in respect of UNITAR General Fund and Special Purpose Grants Fund activities remain valid for 12 months following the end of the year to which they relate.